



C o u n t y o f S a n L u i s O b i s p o

GENERAL SERVICES AGENCY

Janette D. Pell, Director

Helen McCann, Department Administrator

REQUEST FOR PROPOSAL PS- #1147 APPRAISAL SERVICES: AIRPORT RENT ANALYSIS

QUESTIONS and ANSWERS

Updated September 22, 2011
September 12, 2011

(1) Referring to SECTION TWO – APPRAISAL REPORT & FINDINGS REQUIREMENTS, pg 9, article 3.7: What are the anticipated dates and times of the two required meetings? *None determined up front. Both meeting dates/times are dependent on when Board of Supervisors approve an Appraisal Services contract and additionally, given our active tenants, sufficient time to communicate with them about meetings to ensure maximum turn out. The County would expect proposals to reflect efforts to make tenants aware of meetings and encourage participation as part of that process.*

(2) Are all leases on concurrent terms with equal start/stop dates? *No. Various leases have different start and stop dates and terms may differ. Some leases crafted by different authors.*

(3) From SECTION TWO – APPRAISAL REPORT & FINDINGS REQUIREMENTS, pg 8, article 3.1: it states “... airport land market rental values for use in the determination of ground rental rates...” Article 3.2, states “...used to develop the opinion of value/rate” Please explain the difference in 3.1, “...ground rental rates...” and 3.2, “...develop the opinion of value/rate”?

RE: 3.1, the County intends on using the periodic assessments of airport land market rental values as a basis for a proposed ground rental rate matrix to be established for three different use categories: FBO, Specialty Shop, and Aircraft Storage. Not all lease sites allow for full FBO services. Others allow for specialty shop services, while others allow aircraft storage, only.

Clarifying 3.2, it should state “The appraisal report shall sufficiently and thoroughly describe the data, reasoning and analysis used to develop the opinion of fair market rent. In conformance with the County’s intended procedures for rate setting practices, the report shall convey market rental rates for the following: a) Full FBO, b) Specialty Shop and c) Aircraft Storage.”

4) About how many specialty service shops, hangers and tie-down spaces do you have at SLO? *With respect to SBP ground rent lease sites, there are approximately 12-13 specialty shops and 137 hangars. Additionally, the County owns 110 tie down spaces.*

5) Are the improvements included in the ground rents and do the tenants pay extra for them? *Improvements are not included in ground rent. Tenants own improvements.*

6) Who built the improvements and generally were they built at the same time? Some were built by 3rd party contractors and subsequently acquired through resale by other hangar owners. Some were built by tenant directly, as with some Fixed Based Operators, while others moved "port a" hangars on to respective lease site. Improvements were built or added at various times.

7) What type of extra fixtures are included in these improvements, i.e., air-compressors, gas, hydraulics, etc.? Given these are ground leases, the County doesn't keep an inventory of tenant owned fixtures.

8) Given that these leases are all staggered, are you planning on basically re-setting all the leases at once on a given date in the future, or close to the time of appraising them? To clarify, a few leases do have the same commencement and expiration dates, however, with respect to the balance of existing leases the county doesn't intend on re-setting them. As ground leases expire, it is the County's intent to incorporate the "periodic fair market rent appraisal" language into new leases. The County's intent is to use the appraiser's opinion of fair market rent as a basis for establishing a ground rental rate matrix for full FBO, Specialty Shop and aircraft storage tenants that own their own improvements and rent the ground from the County. Currently, there are 6 ground rent leases with fair market rent appraisal provisions. The remaining five ground rent leases do not have appraisal provisions.

Posted on 9/22/11:

9.) General (Overall) – in the RFP, the word **value** is used in multiple places – not just on Page 8, 3.2 (for which, clarification has been provided in the Questions and Answers dated September 12, 2011). In several places, the word **value** is used on a standalone basis; in others, it is used in conjunction with the word(s) rental, land, market, or comparable.

a. Does the County want to know the **value** of airport land or the **rental rate** for airport land?

The County wants the Appraiser's opinion of Fair Market Rent

i. If the County wants to know the **rental rate** for (and not the **value** of) airport land, what is the basis (or rationale) for ...

1. Requiring an **appraisal** (which is used to determine **value**) to ascertain **rental rates**? **It is specifically called for in those ground leases that have appraisal provisions.**
2. Requiring an **appraiser** to conduct an **appraisal** to ascertain **rental rates**? **See above.**
3. Requiring a complete **appraisal** (in a self-contained report format) to ascertain **rental rates** [Page 8 (3.1)]? **County's preference.**

ii. Can the airport rent study be conducted by a consultant (not an appraiser)? **No**

iii. Can a summary report (not a self-contained report) be provided as the final work product (deliverable)? **No**

10.) Page 7, Project Scope, Overview, the RFP states "The ultimate objective is to have a qualified consultant render an opinion of the **base** market land rent that is applicable to **aviation use sites** at the San Luis Obispo County Regional Airport, consistent with the terms

and conditions of its **standard aviation lease** (see Attachment B) and **other leases** in place at the Airport as may be applicable.”

- a. What is meant by **base** market land rent? **Rent for the land, only. Excludes any tenant improvements.**
- b. Which **aviation use sites** (or subject properties) will the **base** market land rent apply to (at SBP and L52)? **It will apply to all ground rent lease sites that currently have an appraisal provision. Currently, at SBP that includes sites A/G,K, M,Q, S&T. As other ground leases expire, the new appraisal provision will be added to any new agreements, calling for an appraiser opinion of fair market rent. Additionally, using said appraisals as the basis, a ground rental rate matrix will be submitted to the Board of Supervisors for final determination of rents for 3 categories of use – Full Fixed Based Operators, Specialty Shop Operators and Aircraft Storage. At L52 it will apply to 13 hangar owners that rent space for their respective hangar.**
- c. How many **other leases** are “in place” at SBP and L52? **At L52 no other agreements (all month to month permits) exist for ground rent tenants. At SBP, ground lease sites FF, J, P & R exist without appraisal provisions.**
- d. How do the terms and conditions of the **other leases** in place (at SBP and L52) differ from the terms and conditions in the **standard aviation lease** (Attachment B)? **At SBP, the standard aviation lease is for a full FBO. Other leases vary based on their respective origination date and use, whether they are a specialty shop and/or aircraft storage use site. At L52, all aircraft storage ground rent permits are on a month to month basis, and currently pay a flat monthly rent, irrespective of the footprint of ground they sit on.**

11.) Questions and Answers dated September 12, 2011, under Clarifying 3.2, it states “... In conformance with the County’s intended procedures for rate setting practices, the report shall convey market rental rates for the following: a) Full FBO, b) Specialty Shop and c) **Aircraft Storage.**”

- a. With regard to **Aircraft Storage**, is the land being used for “commercial” (for hire) or “non-commercial” (not for hire or private) purposes? **Non-commercial use.**

12.) Page 8 (3.6/3.6.1), the RFP states (3.6) “At a minimum, the report will... (3.6.1) state the appraiser’s qualifications with respect to the work to be performed and shall identify any specific work experience in providing valuation of land and **buildings**, located on an airport, having access to the airfield; and”

- a. Does the County want to know the rental rate for any **buildings** (i.e., terminal building, hangar, office, shop, etc.) or any other improvements (i.e., aircraft or vehicle parking) at SBP and L52? **No**
 - i. If so, what are the specifications for each **building** or improvement (i.e., size, type, components, use, etc.) **N/A**

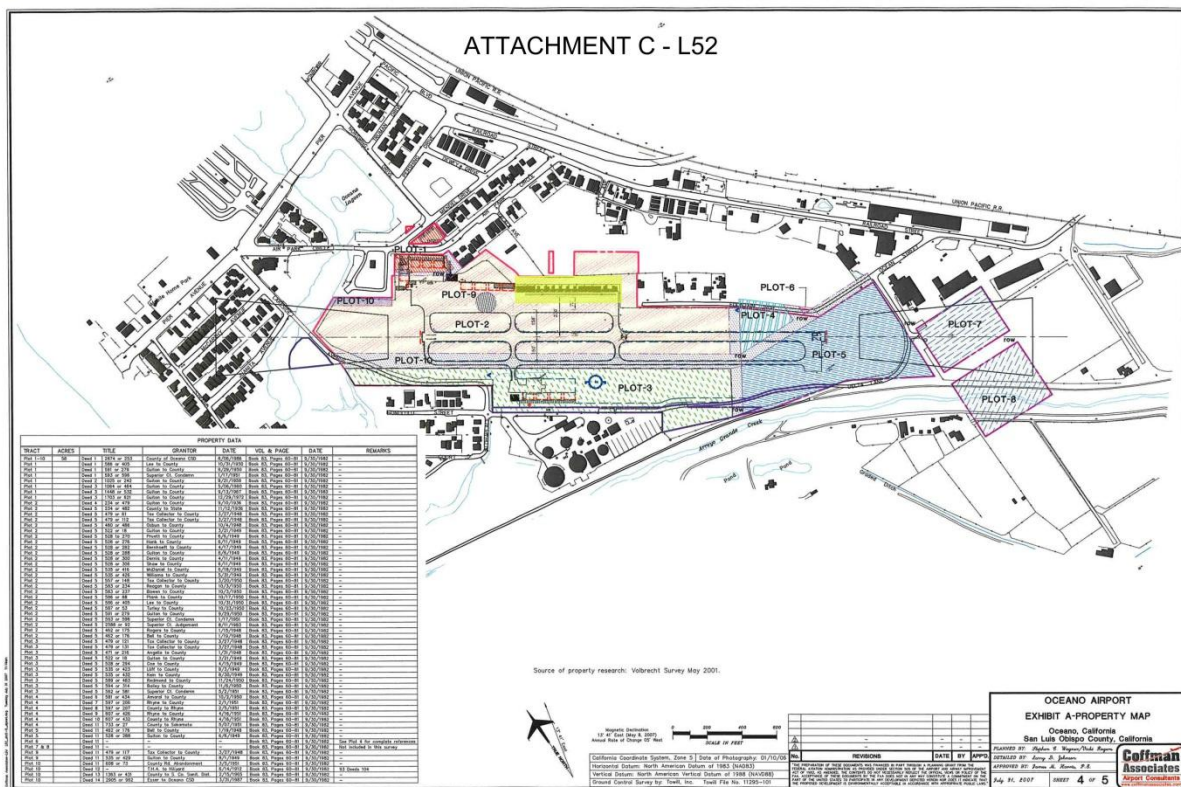
13.) Attachment C – Do the subject properties at SBP consist of the sites identified as “Airport Lease Sites – Tenants & Leases”? **Yes**

- a. Are the “Potential Airport Property Acquisitions” and “Airport Property Acquisitions” included in the subject properties? **No**

- b. What is the size (square footage or acreage), the type (aeronautical or non-aeronautical), the components (e.g., improved land, unimproved land, etc.), and the use (commercial or non-commercial) of each of the subject properties at SBP. **See attachment "C" for acreage. All ground rent lease sites are aeronautical use and improved. Uses vary from full FBO, to Specialty Shop, to Aircraft Storage, only.**

14.) Attachment C – Do the subject properties at L52 consist of the sites identified as "Property Data"? **No. See Attachment C-L52 of the RFP for location of 13 aircraft storage hangars. Additionally, see "Building Facilities, numbers 7-19, on airport layout drawing, Oceano Airport Master plan at:**
http://sloairport.com/index.php?p=custom_page&page_name=Oceano%20Airport%20Master%20Plan

- a. What is the size (square footage or acreage), the type (aeronautical or non-aeronautical), the components (e.g., improved land, unimproved land, etc.), and the use (commercial or non-commercial) of each of the subject properties at L52? **All month to month ground rent permit sites are aeronautical use. Size varies between approximately 650 and 1550 square feet of ground. Hangar owners rent the ground under their respective hangar. Use is Aircraft Storage.**



15.) Page 8, Section Two, Item 3.2 of the RFP states the following: "the report shall convey market values and applicable range of market ground rental rates for the following: a) Full Fixed Based Operator (FBO), b) Specialty Shop and c) Aircraft Storage."

What is Specialty Shop use? Is it an aviation related use or non-aviation? **Aviation related. For example, Flight Instruction.**

Many airports have non-aviation uses such as restaurants, hotels, retail, etc. If it is aviation related is the ground rental rate to be developed similar to the other two uses by

comparison to on-airport land values? **It should be compared to other airports' ground rents.**

If it is non-aviation then should the ground rental rate be developed by comparison to other similar off-airport land values? **N/A**

16) Expanding on the answers to Questions 3 and 8, (updated September 20), it appears the County seeks a fair market rent estimate for the three types of use categories at SBP: a) Full FBO b) Specialty Shop and c) Aircraft Storage. Is this correct? **Yes**

17) Will the County request the appraiser to further refine these fair market rent estimates based on the individual ground lease sites, reflecting various lease site sizes, and locations at SBP? **No** Or will the County simply ask for a uniform fair market rent estimate per square foot for each of the 3 use categories? **Yes**

18) The above assumptions also apply to Bid Alternate 1, (L52), correct? **Yes**